United States Department of Agriculture

Farm and Foreign Agricultural Services

Risk Management Agency

1400 Independence Avenue, SW
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Washington, DC 20250-0801

DATE: August 17, 2011

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: William J. Murphy /s/
Manager

SUBJECT: Manager's Report
Exhibit No. 4033

This memorandum serves as the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) for the August 17, 2011 meeting.

Flooding – Iowa: On August 8-12, two St. Paul Regional Office (RO) Risk Management Specialists traveled to Iowa flood-affected areas to meet with FSA, NRCS, view flooded areas, talk with the Farm Bureau about prevented planting issues, and assess high risk map areas.

Also, the Army Corps of Engineers (AOE) is setting up a conference call with the St. Paul RO and the Iowa FSA office to discuss the Iowa-Cedar Watershed Basin and the repeated crop losses due to flooding. The AOE is suggesting some lands be taken out of crop production to improve water quality and reduce water quantity downstream. AOE states that existing row crop agricultural land in the floodplain having repetitive losses is increasing premiums for farmers across the country and eliminating floodplain buffers which provide water quality and quantity benefits downstream.

On June 22, the St Paul RO Director traveled to Hamburg, IA and toured flood sites, met with producers along with other USDA personnel, and participated in a press conference. Waters remain high, levees are stressed or blown, crops were flooded out, and high water is remaining into August.

Drought - Davis RO: In Utah, the cold moist spring was anticipated to affect wheat and safflower. However, recent rains have been beneficial to the safflower crop's maturity. A cold, moist spring has offset some of the effects of the longer-term drought. In Arizona, acreage for crop production is irrigated. The excessive heat and dry conditions are expected to have an impact on water supply coming from wells and crop development. Drought conditions in the Gila River watershed of Arizona and New Mexico are the primary concern for cotton growers in Pinal County; water deliveries are expected to be below normal. Water deliveries in other parts of the state are expected to be normal.

In California, there are no losses anticipated caused by drought for the southern part of the state. The excessive heat and dry conditions may have an impact on water supply coming from wells. An above normal winter snowfall in southern California will offset reduced rainfall in the region. The effect of the drought in Arizona and southern Utah will in part be determined by the amount of rainfall received during the late summer monsoon season. The amount of rain received may mitigate the effects of reduced water deliveries and the dropping of ground water supplies.

All insured crops are irrigated either by wells or delivered water in Arizona. Those relying on wells may experience shortages due to dropping water tables. Cutbacks in delivered water are expected. Drought is not a covered cause of loss for irrigated practices. However, failure of irrigation supply is a covered cause of loss. The drought conditions will likely result in failures of irrigation supply. Water deliveries from the Gila River whose drainage originates in the mountains of Arizona and New Mexico are expected to be less than normal. The primary crop affected is cotton. There have been two large claim notices due to failure of irrigation supply from Arizona.

Drought - Alabama, Florida, Georgia and South Carolina: Drought conditions developed in many areas during the early spring in all four states. Scattered rains began to occur in mid-June and have helped to alleviate drought effects for many of the row crops. Significant rain in the southeastern part of Florida, where most of the irrigated vegetable and citrus crops are grown, in July has also helped relieve the drought conditions.

Drought - Texas and Oklahoma City: 2011 Drought losses have exceeded $78 million in Texas so far and the figure continues to rise. All of the non-irrigated cotton and corn in Texas and Oklahoma has been appraised and released. Most of the non-irrigated cotton crop did not emerge or emerged and died. Most of the non-irrigated corn was bailed for hay or salvaged for silage if producers were lucky enough to have received enough moisture to get to that point.

Irrigation issues continue to plague the region. In an effort to try to keep up with crop demands, water is typically being cut back in order to water the acreage that can adequately be watered or in other cases, water is being diverted from one insured crop to another. Producers and AIP’s are working together to assess the circumstances and make decisions on a case by case basis.

Product Management Update

Common Acreage Reporting (ASCRI and CIMS): The Acreage Crop Reporting Streamlining Initiative (ACRSI) continues to make progress towards providing streamlined and self-service solutions to producers for reporting program data. Agencies participating in the ACRSI include RMA, FSA, NRCS, and NASS. ACRSI objectives include providing producers options to report common data; standardizing data requirements across various farm programs; facilitating data sharing between farm programs; publishing relevant data elements, definitions, and schema for government, public, and commercial industry consumption; and consolidating acreage reporting dates across commodities to the extent practical.

The ACRSI business area subteams have recommended: consolidating ANSI state and county location identifiers; standardizing producer business types and attributes; designating the Common Land Unit (CLU) as the standard GIS dataset used to identify land nationwide; and consolidating production data elements and production evidence. The ACRSI Commodity Reporting subteam is finalizing recommendations for consolidated common acreage reporting dates, and a consolidated Commodity Validation Table. The Governance subteam has completed NIEM mappings and agriculture-exchange content models for producer entity, production, and land location recommendations; and has approved the ACRSI Data Governance Charter.

Currently FSA, RMA and crop insurance companies have access to the Comprehensive Information Management System (CIMS) containing 5 years of RMA and FSA information, including producer reported data such as acreage reports. CIMS has hosted over 65,000 web sessions for FSA State and County offices, RMA, OIG and other USDA agency employees. These services are providing efficient and timely information for administration of crop insurance and FSA programs such as the Average Crop Revenue Election program. The system has also processed over 37 million Approved Insurance Providers (AIP) data requests. These data requests reduce FSA resources and costs to provide hard copy information used to administer crop insurance policies. Every two months, AIPs receive a geospatial file of the FSA Common Land Units which can be used in mapping and acreage processing systems. In 2010, companies reported almost a third of their acreage by the Common Land Unit. The Common Land Unit will enhance reconciliation efforts for acreage reporting and other applications for administering programs for prevented planting and cause of loss verification.

Pasture, Rangeland and Forage Pilot (PRF) Update: As of July 25, there were 13,756 Rainfall Index-Pasture, Rangeland, and Forage policies sold, covering 27,007,865 acres with $416,409,456 in total liability. There were also 2,015 Vegetation Index-Pasture, Rangeland, and Forage policies sold, insuring 3,147,497 acres with a liability of $33,282,957.

As of August 1, four Rainfall Index Intervals have been released for PRF with estimated indemnities of $65,238,776, and three Vegetation Index Intervals have been released for PRF with estimated indemnities of $14,474 paid. Summaries by state can be obtained from the Summary of Business.

Nursery Program Evaluation: The Acquisition Services Directorate awarded a new contract for the Nursery Crop Insurance Program Evaluation and Recommended Improvements to Watts and Associates on April 15, 2011, and the kick off meeting was held April 20. The purpose of this contract is to obtain an evaluation of the current nursery crop insurance program and recommended improvements to streamline the current program.

New Breaking of Native Sod for Annual Crop Production Update: The 2008 Farm Bill provision prohibited USDA from offering crop insurance or Non Insured Disaster Assistance Program coverage for 5 years on native sod within the Prairie Pothole National Priority Area, which was broken out for crop production. However, the provision was only applicable if elected by the Governor of the State. To date, no Governor has elected to make the provision applicable. Current crop insurance regulations provide insurance coverage for crops previously enrolled in a USDA program such as the Conservation Reserve Program; however, for other land breaking these regulations provide that if more than 5 percent of the acreage in the insurable unit has not been planted and harvested, or insured, in at least one of the three previous crop years, that a new breaking written agreement is required. New breaking written agreements are individually underwritten by RMA staff. Concerns continue to be expressed to RMA regarding native sod and whether the crop insurance program contributes to a producer’s decision to break the ground for crop production. Therefore, RMA has made changes to its underwriting rules to ease these concerns. The changes are:

1) Limiting any insurance offer on new breaking acreage to a reduced percentage not to exceed 65 percent of the transitional yield if a producer cannot substantiate that the acreage has been previously broken;

2) Moving the deadline to request a written agreement for new breaking acreage earlier to the Sales Closing Date rather than the Acreage Reporting Date. This prevents possible adverse situations that could arise with the later deadline;

3) Adding requirements that all new breaking acreage be reported by Farm Service Agency Farm/Tract/Field on the acreage report the initial year of the breaking and on the production report in all subsequent years; and

4) Specifying that in certain counties, new breaking acreage meeting specific requirements set forth in the Special Provisions of Insurance will be insurable without requiring a written agreement.

Livestock Underwriting Capacity: RMA revised the underwriting capacity allocations that provide money for expenses for the livestock insurance plans. Livestock Risk Protection (LRP) for Feeder Cattle and LRP-Lamb experienced increased sales over the last six months. For fiscal year 2011, a total of $20 million was available to support the expenses of all of the livestock insurance products. As of August 2, 2011, FCIC had less than $621,000 of unused funding remaining for the 2011 fiscal year ending September 30, 2011. LRP-Feeder Cattle is sold daily and has used as much as $89,000 of underwriting capacity for a single sales day. LRP-Lamb is sold weekly and has used as much as $106,000 of underwriting capacity in a single weekly sales period. RMA is continuing to monitor underwriting capacity and will make adjustments between the livestock products as necessary. As funding is depleted for each insurance product, sales for that product will cease until funds become available again beginning with the 2012 fiscal year. RMA computer systems will automatically cease sales for individual products once funding is depleted.

Energy Crop Contracts: RMA has awarded two contracts to assess information and determine the feasibility of developing a crop insurance product for two different types of feedstocks for advanced biofuels. The first contract will assess the feasibility of developing an insurance product from certain types of crop residues, such as corn stover. The other will review what types of woody biomass are being produced at a level that would allow further research into the viability of developing a crop insurance product.

Forage Seed Pilot Program: RMA has updated the Forage Seed Pilot Crop Provisions and Underwriting Guide to incorporate 2012 program modifications, including allowing written agreements for the program. Discussions with the forage seed industry, National Crop Insurance Services (NCIS) and the RMA ROs have led to clarifications and improvements to the pilot program, which has been approved for conversion to regulatory status. A proposed rule will be forwarded in follow up to the 2012 pilot materials release.

Prices for Non-Traded Commodities: The 2011 Common Crop Insurance Policy Basic Provisions (Basic Provisions) requires calculation of a price in real time based on a commodity futures exchange for several non-traded commodities, including durum wheat and rapeseed. RMA released methodology papers for these two commodities. This information is located under the price election methodology heading of the publications page on the RMA website at: http://www.rma.usda.gov/pubs/.

Financial and Operational Oversight: RMA enhances program integrity and oversight through its efforts in performing National Financial and Operational Reviews (NFORs).

The objectives of the NFORs are to determine the ongoing financial stability of AIPs as well as to evaluate AIP overall operations in accordance with the Standard Reinsurance Agreement (SRA). RMA will perform six NFORs during FY 201. RMA also evaluated 15 SRA Plans of Operation and recommended approval of 15 companies, and evaluated 11 Livestock Reinsurance Agreement Plans of Operation and recommended approval.

Fostering Relationships with NAIC and State Insurance Regulators: RMA enhances and fosters an ongoing reciprocal relationship with the National Association of Insurance Commissioners (NAIC) and state insurance regulators. RMA's working relationships with the NAIC and the state insurance regulators have been enhanced through interaction at the National NAIC spring, summer, and fall conferences. In addition, RMA has recently received access and training on the NAIC's Internet State Interface Technology Enhancement (ISITE) system. ISITE is the NAIC's insurance company data repository. RMA has incorporated this data into the annual and quarterly financial analysis process.

Regulations:

Area Risk Protection Insurance (ARPI): The proposed rule was published in the Federal Register on July 22, 2011, with a 60-day public comment period. The proposed rule replaces the Group Risk Plan (GRP) provisions in CFR part 407, which includes the GRP Basic Provisions, as well as GRP Barley, Corn, Cotton, Forage, Peanut, Sorghum, Soybean, and Wheat Crop Provisions, with a new ARPI Basic Provisions and ARPI Crop Provisions for each of these crops except Barley and Peanuts. The new ARPI provisions will also replace the Group Risk Income Protection (GRIP) Basic Provisions, the GRIP Crop Provisions, and the GRIP-Harvest Revenue Option (GRIP-HRO). ARPI will offer producers a choice of Area Revenue Protection, Area Revenue Protection with Harvest Price Exclusion, or Area Yield Protection, all within one Basic Provision and applicable Crop Provisions. This will reduce the amount of information producers must read to determine the best risk management tool for their operation and will improve the provisions to better meet the needs of producers. The final rule is targeted for the 2013 crop year.

Onion Policy: The proposed rule for the onion policy was published in the Federal Register on July 21, 2011 with a 60-day public comment period. The proposed rule provides coverage for processing onions, allows for expansion of the onion program to additional states and counties, and clarifies indemnity calculations. The final rule is targeted for the 2013 crop year.

ELS Cotton: A final rule was published in the Federal Register on June 3, 2011 and the policy published on RMA's website on June 6. The final rule aligns quality adjustment language with the Upland Cotton Crop Provisions and is in effect for the 2012 crop year.

Other Regulations Under Consideration: RMA is preparing to update and make program improvements to the following crop insurance policies: Fresh Market Tomato (Dollar Plan) provisions, Peaches, Pecan Revenue, Sugar beets, and Tobacco.

Insurance Services Update

Reinsurance Agreement Approvals: On June 28, 2011, the Reinsurance Services Division approved fifteen 2012 SRAs and eleven 2012 Livestock Price Reinsurance Agreements. The 2012 reinsurance year began on July 1, 2011.

Regional Offices (RO)

Prevented Planting (PP): On August 2-4, St. Paul RO staff fielded several PP questions at a Farm Fest booth near Redwood Falls, MN. Farm Fest is the largest outdoor agricultural event in Minnesota and attracts upwards of 35,000 attendees. The St. Paul RO provided fact sheets, state profiles, and answered several PP questions which ranged from "why does my neighbor get paid for not planting crops when everyone else around got their crop planted?" to "I am a new farmer and was not able to plant all my acres. I have crop insurance and someone told me I may be able to make a claim on these unplanted acres. Is that right?" Prevented planting information, including the requirements and changes from 2012, was distributed to dozens of area farmers.

American Crystal Sugar Lockout: On August 1, American Crystal Sugar Company of Moorhead, MN locked out their union employees over a labor dispute. Crystal operates five factories in the Red River Valley processesing sugar beets. Some 90%+ of the sugar beet acreage grown for Crystal is covered by crop insurance. Replacement workers have been trained and brought in to help with the sugar beet harvest and processing until the labor dispute can be resolved.

New Special Provisions Statement for Corn and Soybeans: Irrigated acreage, in which a less than full supply of irrigation water will be applied, may be insurable in the county if a reduction to the APH yield is applied. In accordance with paragraph 3(h) of the common crop insurance policy, if a practice will be carried out for the current crop year that is likely to result in a lower yield than the average of previous actual yields that were produced with a full supply of irrigation water, the APH yield will be reduced to an amount consistent with the practice actually carried out. Any APH database will be reduced by the number of bushels indicated in the published yield adjustment tables, if reduced water will be applied and will likely result in a yield lower than the yield upon which the guarantee is based. The yield adjustment tables may be found at: http://www.rma.usda.gov/aboutrma/fields/ks_rso/

Producers electing the yield reduction will be considered to have carried out a good irrigation practice if they can demonstrate the application of adequate water in an acceptable manner at the proper times to allow the crop to produce the reduced APH yield for the database.

Topeka RO: Prior to the 2012 crop year, a producer who intended to carry out a limited irrigation practice by applying less than a full supply of irrigation water on an irrigated unit would have the following options:

- Reduce the number of irrigated acres planted to the crop. Plant and report the remainder of the acres as non-irrigated.
- Report the total acreage as a non-irrigated practice.

Through a cooperative agreement with the University of Nebraska–Lincoln, RMA has adopted methodology to estimate the expected yield reduction associated with decreased irrigation water. These tables apply to corn and soybeans (where applicable) for selected counties in Colorado, Kansas, and Nebraska.

The counties and crops for which irrigated coverage is available for producers who carry out a limited irrigation practice are identified on the Special Provisions for the 2012 crop year.

Spokane RO:

Fruit: Damage has occurred throughout the fruit growing regions of Oregon and Washington. Oregon State University reported that farmers in the Milton-Freewater area will likely only get 5 percent of their crop due to sub-zero temperatures. Umatilla County, OR and Walla Walla County, WA appear most impacted. Grapes, apples and other fruit trees in the Walla Walla Valley were also hit pretty hard. Most crops are at least 10 days behind schedule. There has been a USDA disaster declaration that covers eight counties in northeast Oregon and neighboring Washington, giving farmers access to emergency loans. In June, Washington County outside Portland asked for a similar disaster declaration, estimating an 80- percent loss to peach and cranberry crops because of a cold, wet spring. The cherry harvest, typically well under way in early July, had barely begun by mid-July. Many producers who have had to wait until after the Fourth of July to start selling cherries have missed a huge market opportunity. The Spokane RO has received several large claim notices already, mostly on grapes, with some vineyards reporting near total losses. Participation numbers for the 2011 crop year are not final but the RO expects higher numbers than in 2010.

Spring Annual Crops: The persistent cold, wet spring weather made it a challenge for farmers to get their spring crops in the ground. The weather had a real impact primarily on spring wheat, barley and dry peas and lentils. The situation is most pronounced in the Willamette Valley, north and southeast Idaho, and the Palouse region of eastern Washington. A large number of farmers in these areas have filed for prevented planting claims, with some companies reporting hundreds of prevented planting claims already received. It is anticipated in Idaho for example, that over 90,000 acres were prevented from planting this spring. The Spokane RO Director and staff have been busy assessing the potential impact and have estimates on prevented planting acres in most of the affected counties. They have also summarized the insurance participation levels and the most affected counties have high levels of participation (80 to 90+ percent of the acreage covered by a Multiple Peril Crop Insurance Policy). The Spokane RO Director has met with regional insurance company representatives and the Idaho State Emergency Board (including representatives from the Idaho Governor's office) as the situation develops. The Spokane RO sent a press release with information on prevented planting coverage, and the director was interviewed on the radio and for several agricultural publications. The RO continues to work with local company representatives to answer questions and address issues.

Valdosta RO: The Valdosta RO elected to participate in a Florida Citrus claim which had the potential of exceeding $500,000. The freeze damaged crop was Type VII – Late Oranges for the fresh market. A risk management specialist worked with loss adjusters and reviewed claim documents during the claims process. The specialist discovered that the AIP processed fresh fruit claims without complying with the policy and approved loss adjustment procedure. Further investigation showed this pattern to have been followed for at least three years, with overpayments totaling in the millions of dollars. The Valdosta RO worked with the PASD-Loss Adjustment Standards Branch and RMSD to complete the Informational Memorandum: IS-11-008, "Claims Alert – Adjustment of Losses for Florida Citrus Fruit Insured as Fresh Fruit and Sold for Juice." The RO also alerted the Eastern Regional Compliance Office of the situation; a review is pending.

<u>Compliance Update</u>

Final Findings Issued Since the May 2011 Board Meeting: Since the last Board meeting Compliance has issued final findings to reinsured companies for the following amounts:

premium overstatements - $1,752,306; indemnity overpayments - $3,435,007; premium understatements - $6,252; indemnity underpayments - $30,455; and settlements - $166,110.

Program Integrity: Gregory Peter Torlai, Jr., a Stockton, CA producer, was sentenced on July 6, 2011 to two and a half years in prison, three years of supervised release, and a $10,000 fine for filing false claims for crop insurance benefits. Torlai was also ordered to pay $211,516 in restitution. A civil settlement agreement is pending.

On June 10, 2011, Bigelow Associated Farm, Inc., J.B. Farms, LLC, and Great American Insurance Company reached and signed a settlement agreement with the Department of Justice on behalf of RMA in connection with overpaid Colorado potato indemnity. The Bigelows agreed to pay $66,000 and Great American agreed to pay $65,000 to RMA for a total reimbursement of $131,000 within 45 days. On July 14, 2011, RMA received $65,000 from Great American in compliance with their portion of the agreement. The Assistant United States Attorney for the District of Colorado notified RMA that $66,000 was received from the Bigelow family. The US Attorney's Office issued a press release on Monday July 25, 2011 to announce completion of the case.

National Program Operations Review (NPOR): The regional Compliance Offices are wrapping up field reviews of selected policies sold and serviced by the following AIPs for the 2010 crop year. Field reviews have been ongoing nationwide to include interviews with policyholders, company personnel, agents, and adjusters identified with the selected random and judgmentally selected policies.

2010 Crop Year:
CRCO - American Agri-Business Insurance Company (WN)
MRCO - Great American Insurance Company (GA)
NRCO - NAU Country Insurance Company (NA)
SRCO - Producers Agriculture Insurance Company (PL)
WRCO - Austin Mutual Insurance Company (AU)

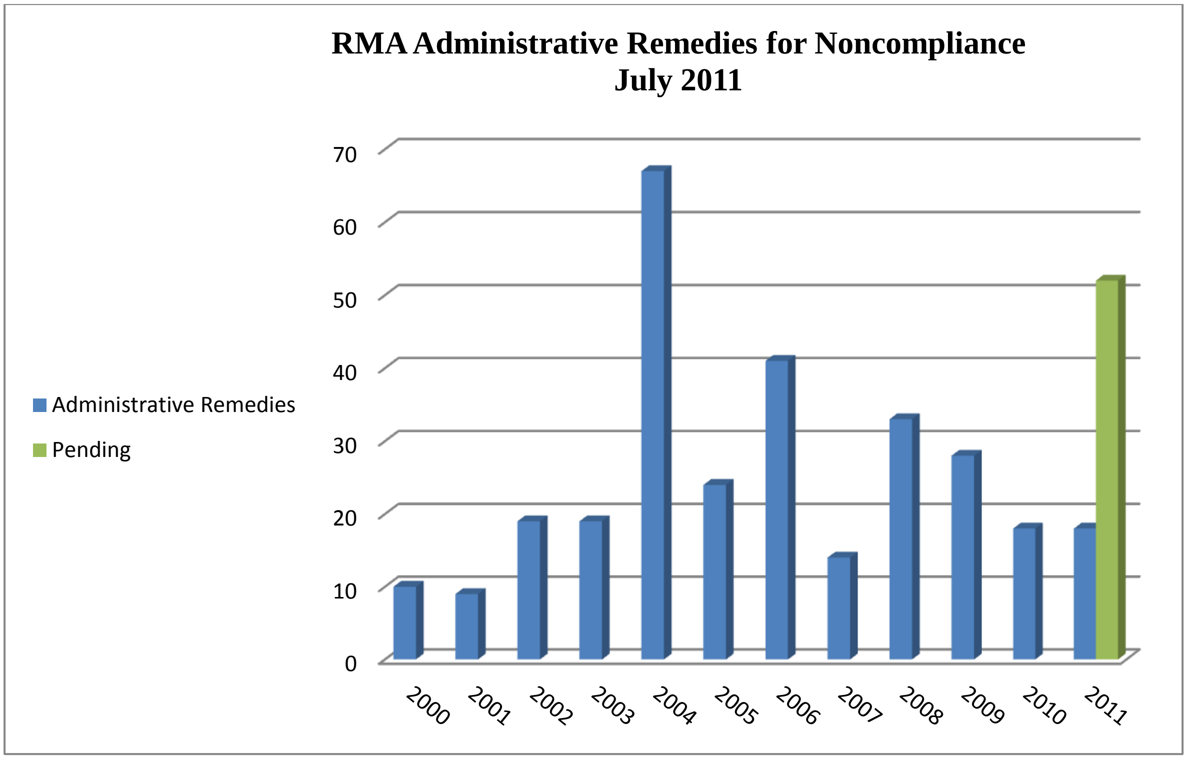
The 2009 policy reviews have been finalized and the NPOR reports issued or are being drafted for issuance to the respective companies and the Reinsurance Services Division.

2009 Crop Year:
CRCO - Hudson Insurance Company (HU)
MRCO - Agrinational Insurance Company (AN)
NRCO - Farmers Mutual Hail Company (FH)
SRCO - John Deere Risk Protection (PE)
WRCO - Stonington Insurance Company (ST)

Due to significant ongoing and anticipated OIG Audit and Investigation activity in the Eastern Regional Compliance Office (ERCO) region, the ERCO was not assigned a NPOR for 2009 or 2010. ERCO continues to engage issues involving the nursery program and the data mining assisted review of problems identified with the tobacco insurance program (see below).

Tobacco Program Issues Under Review: ERCO is reviewing the tobacco crop insurance program in order to address identified program vulnerabilities associated primarily with shifting production between insured units and entities. Concurrently, RMA is working to address quality adjustment problems which have increased since the quota tobacco program was terminated. The present lack of independent graders and markets for tobacco has created an unacceptable vulnerability for the program, which if not corrected, may result in a recommendation to eliminate quality adjustment for tobacco entirely. RMA will use data mining to review the tobacco program experience for 2010 compared with previous years to determine if the impact of these quality control reviews can be recognized and quantified. Compliance is currently looking at reports of similar problems with the tobacco program in Kentucky and Tennessee.

Recent Compliance Investigation, Appeals, and Sanction Activity:



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administrative remedies*	10	9	19	19	67	24	41	14	33	28	18	18
Pending												52

*Administrative remedies: disqualified, debarred, suspended, civil fine, restitution, exclusion, settlement agreement

This chart represents pending and completed sanction activity by the Appeals, Litigation, and Legal Liaison Staff. Sanctions will continue to increase through at least the end of 2011 due to the investigation of tobacco growers, adjusters, and agents in North Carolina.

Supplemental Revenue Assistance Program (SURE) Referrals: As of August 9, 2011, the regional Compliance Offices have received 5,333 SURE referrals from FSA, or about 600 more than was reported to the Board in the May report. Compliance began receiving 2008 crop year SURE program referrals from FSA in January 2010. Since FSA relies on crop insurance program data to calculate payments under SURE, FSA is in a position to discover reporting discrepancies while reviewing producer applications. Compliance anticipates that entity, reported acreage, and production discrepancies will constitute the majority of the referrals, similar to our experience with the Crop Disaster Program.

Compliance is currently receiving referrals for the 2009 crop year as a result of FSA opening that crop year for SURE participation.

OIG and GAO Audits in Progress:

GAO Audit 361259, Crop Insurance Benefits

Initiated - February 2011. The objectives of this audit are to determine: (1) how effective are USDA's procedures in detecting and preventing fraud, waste, and abuse in the federal crop insurance program to minimize its costs, (2) to what extent do eligibility standards including income and benefit limitation that apply to USDA farm subsidy programs also apply to the crop insurance program, and (3) what is the distribution of benefits to participants in the crop insurance program.

OIG Audit 05601-6-KC, Federal Crop Insurance Program – Organic Crops

Initiated – September 2010. The objectives of this audit are to identify and assess: (1) RMA and AIP controls over underwriting and servicing policies, and adjusting claims for organically insured crops to ensure the propriety and accuracy of premiums and indemnity payments, (2) RMA and AIP controls over determining whether underwriting information supplied to RMA by AIPs and their agents was accurate, and (3) RMA and AIP controls over whether insured producers followed "good organic farming practices."

OIG Audit 05099-114-KC, Validity of New Producer Designations

Initiated – January 2009. The objectives of this audit are to assess the effectiveness of RMA and AIP controls for granting "new producer" designations and ensuring the propriety of actual production history yield determination for these insureds and conduct data analysis and field visits to review relevant documentation maintained by the AIPs and Farm Service Agency county offices to determine whether any "new producer" status designations were improperly awarded.

OIG Audit 05016-1-KC, RMA's Implementation of AIP Appendix IV/Quality Control Reviews

Initiated - October 2007. The objective of this audit is to assess the effectiveness of RMA's oversight activities over AIP quality control reviews and of the AIP implemented quality control review processes, as prescribed by the SRA, in preventing or detecting program abuse, waste, and improper payments.